Resources and conflict in the Asia Pacific region

Linking resources and conflict the Melanesian way

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Over two decades of evidence now exist linking the abundance of natural resources with poor economic performance. Economists have tested the relationship in various ways and for various time periods, and, although they are not unanimous, they mostly show that resources are bad for the development prospects of a country. More recently, in work originating from the World Bank, a link has also been made between a country’s dependence on natural resources and the likelihood of civil conflict. This is clearly an argument that resonates with recent events in the region and represents a worrying trend for Melanesia, where the countries exhibit a continuing high level of dependence on natural resources for economic growth and development.

Natural resources and conflict

The evidence of links between natural resources and conflict has its origins in economic studies in the 1980s that identified a statistically robust relationship between a dependence on natural resources and slower than average economic growth (Ross 1999; Auty 2001; Sachs and Warner 2001). This ‘resource curse’ thesis (Auty 1993) has generated debate between economists and others about the extent of the problem, the details of how resource dependence is measured, and whether a reliance on hard-rock minerals is different from a reliance on oil, or timber or agriculture. What is clear is that there is strong evidence that a high reliance on natural resources can place constraints on the development of an economy. From the many empirical and statistically sophisticated examples the same pattern recurs: natural resources are not the blessing they would appear to be for a country.

More recent work by Paul Collier and others has gone further and linked a high dependence on natural resources, and particularly minerals and oil, to a heightened risk of civil conflict within a country. Collier (2000), working with a sample of 47 countries that had experienced civil conflicts in the period 1965–99, carried out a statistical analysis of a wide range of characteristics of these countries, including ethnic and religious factionalism, the nature of the economy, and the distribution of the population across the country. He argues that the three most powerful risk factors for the
occurrence of a civil conflict in a low-income country in any five-year period are the level of income per capita, the rate of economic growth, and the structure of the economy, in particular that a substantial share of their GDP is derived from the export of natural resources.

All of the above work has been developed at the global level—Africa is a particular focus of the resources and conflict literature. Examples from Melanesia have appeared in much of it: Papua New Guinea has been a long-standing favourite of the resource-curse authors, and both Collier (2000) and Ross (2003) list Bougainville (Papua New Guinea) and Papua (Indonesia) as examples of civil wars ('separatist conflicts') linked to resource wealth. Other regional conflicts they do not refer to, but which could certainly fit the generalised model of resources and conflict, include the Solomon Islands and New Caledonia.

The statistical evidence seems compelling and, given the high dependence on natural resources of countries in Melanesia, both accurate and worrying. However, although Papua New Guinea, Papua Province in Indonesia and the rest of Melanesia appear to fit the global patterns of natural resources and conflict, I want to argue that the global explanations do not fully grasp the particular nature of the Melanesian case.

Explaining the resources–conflict link

Ross (2003) suggests four mechanisms or pathways that can specifically link resources and conflict. First, he argues that the well-documented effects of a natural resource dependence on an economy (the ‘resource curse’ referred to above) is itself a cause of conflict. By reducing growth, a resource-dependent country becomes more likely to suffer from civil conflict. The evidence also points to a link between resource dependence and increased rates of poverty in a population, again a potential factor in civil conflicts. Feeding into this pattern, Ross has also noted a link between dependence on oil or minerals in a country’s economy and higher child mortality rates, and more generalised findings that link resource dependent economies and lower than average investment in education.

At the national level, much of Melanesia fits into this explanation. The region has had a fluctuating economic performance in the last decade—Papua New Guinea, Vanuatu and the Solomon Islands have all experienced years of positive GDP growth followed by negative growth years. Overall, however, the performance is disappointing—GDP per capita in Papua New Guinea, for example, fell by an average of 1.4 per cent per annum for the decade to 2002 (Chand 2004:1). This economic decline is not comparable to the free-fall of economies in parts of Africa where civil conflicts have broken out, and to an extent in Melanesia has been buffered by the continuing resilience of the subsistence sector. Further, there is little evidence that this poor economic performance is itself linked to resource conflicts—it is generally agreed, for example, that the Bougainville crisis (the most high profile of the civil conflicts around resources in the region) was a cause, not a consequence of Papua New Guinea’s economic woes.

Second, Ross argues that resource dependence tends to create weak states through corruption, weakened governance and lack of accountability. In short, the evidence is that governments receiving substantial revenues from timber, oil and minerals tend to become corrupt, in part because the huge sums involved can overwhelm the limited ability of small bureaucracies to manage them effectively, and in part because of the volatility of these
revenues. Governments that receive the bulk of their revenues from resource rents tend to become less democratic, partly because they are able to use these additional flows to quell dissent. Ross (2003:25) notes that ‘oil and mineral-rich governments generally spend unusually large sums on their military forces’. The use by governments of their military to protect resource extraction projects has been well documented in many parts of the world, leading to numerous human rights abuses.

Papua New Guinea and the rest of Melanesia fit this argument at least to some extent. The rapid influx of taxation revenues in the 1990s from the mineral and oil projects did place a strain on the administration of these revenues, and the volatility of resource revenues did impact on economic management, but the real problems that arose were evident in the way in which political actors were able to secure and utilise these revenues with little accountability. The loss of accountability had little to do with quelling dissent and more to do with the nature of the political and governance structures within the country. One spectacular failure of the state to assert the rule of law in this context in Papua New Guinea was the Rapid Deployment Unit, an elite group of police specifically tasked with protection of the big resource projects in the early 1990s. By the mid 1990s they were disbanded after they proved to be a greater threat to law and order than were any of the dangers they were set up to protect from.

Third, Ross argues (and Collier and others have promulgated a similar line) that resource wealth tends to promote civil wars by giving people who live in resource-rich areas an economic incentive to form a separate state. In the cases that Ross discusses, the presence of resource wealth, together with a distinct cultural identity in the local population (measured either by ethnic, linguistic or religious markers) and a perceived imbalance between the costs and benefits of resource extraction for local people, all serve to heighten the risk of succession sentiments being transformed into action. Collier’s work goes further; in the analysis he carried out with Hoeflter, they argued that civil conflicts need to be understood as a case of ‘greed, not grievance’. That is, the primary determinant of a conflict is the battle for control of resource rents, not religious or ethnic differences within a population (Collier and Hoeflter 2000). Hence we should be wary of the noble political rhetoric of secessionist movements, since according to Collier the ‘cause’ is simply a rationalisation for a struggle over money.

On the surface, Bougainville and the independence movement in New Caledonia could be taken as excellent examples of this. The actual link between the resource and the desire for independence in the Bougainville case has been the source of much debate (Filer 1990; Griffin 1990). Filer (1990, 1992), for example, argues that the landowner conflict initially had little or nothing to do with the desire for independence, but was rather a local reaction to the impact of the mine on the environment and the internal dynamics of the community. Certainly there were demands for more money (A$10 billion at one point) but, as Filer argues, this was less a call for a greater share of the resource rents and more a statement that no amount of money would satisfy their grievances—they simply wanted the mine to close.

This points to a key weakness in the Collier and Hoeflter argument. In Melanesia at least, demands for compensation are rarely only about greed—the Ok Tedi dispute of the mid 1990s is another example (Banks 2002). They also involve grievance—loss of some, often unspecified, kind, a desire for a more meaningful relationship with the resource operator, and a desire for more control over the direction of their lives, not simply money.
A literal interpretation of high-profile compensation demands certainly seems to find evidence of greed rather than grievance but, to reverse the Collier and Hoeffler argument, we need to be wary of the economic rhetoric of Melanesian secessionist movements and landowners, since the ‘greed’ is usually a locally conceived rationalisation of a broader struggle over ‘cause’.

The final linkage that Ross discusses between resource dependence and civil conflict is the ability of rebel movements to raise funding through the acquisition, control and eventual sale of natural resources within a nation’s territory. Collier has also noted that natural resources are more ‘lootable’ than other forms of economic activity, and hence easier for rebel movements to take over and utilise for funding their struggles. The essential argument here is that natural resources spark and then prolong civil conflicts because they are far easier (and more lucrative) for rebel groups to access and milk for funding. This linkage has no parallel in the Melanesian settings, largely because of the nature of the resources. Copper, gold (from large-scale deposits) and oil and gas are not ‘lootable’ or amenable to the low-technology extraction of, say, diamonds in Southern Africa. Thus, the copper resource on Bougainville and the Gold Ridge project in the Solomon Islands, for example, did not form a source of funding for the rebel movements in those countries.

Understanding resource conflict in Melanesia

Despite the fact that the Melanesian countries fit the resource-curse model, have high-profile examples of an apparent link between natural resources and civil conflict, and conform to at least some of the explanations linking resources and conflict, there are other processes at work in these countries. In particular, Papua New Guinea resource conflicts (Bougainville, Ok Tedi, localised disputes around Porgera and the other mining and oil operations) can be more accurately mapped around notions of identity: individual, group and region.

A starting point is the literature on conflict in Melanesia. Conflicts in Melanesia are classically strongly embedded in the everyday politics and kinship networks of the society. Goldman writes of Huli disputes, for example, that

…many claims would lay dormant until such time as a strategically significant dispute arose allowing claimants to ‘activate’ past unresolved disputes in a sequenced set of claims. Disputes were always ‘multiple-claim’ affairs. It was never the case that a ‘conflictless’ set of conditions prevailed within any Huli community (2003:4).

The maxim that conflict in the Highlands of Papua New Guinea was always concerned with women, land or pigs (Yala 2002; Goldman 2003) is shorthand for the recognition that these resources are all deeply implicated in the construction and maintenance of social networks, and are related to notions of individual and group identity within the society.

In this sense, disputes and conflicts over mining projects can be seen simply as new expressions of long-standing disputes that relate to much more proximate relationship and identity concerns (see also Weiner 2002:4). Individual and group identities are redefined, unsettled and become points of contestation through the processes associated with mining development. Four processes in particular operate across a range of scales to unsettle and ultimately reconfigure the social landscape in such a way that the risk of conflict is heightened (Banks 2004). The first is through the link
between land and identity. The inability (and often unwillingness) of the state to bring about widespread alienation of land means the land-identity nexus remains strongly intact throughout Melanesia (Ballard 1997). In such a situation, the local landscape and environment are seen as reflections of the power and control of local groups. Clearing and working the land and using the resources of an area have been central to the development and maintenance of identity and social relationships. The massive changes to the environment as a result of large-scale resource development will obviously bring about changes in group and individual identity. In the case of the Panguna in the late 1980s, for example, Filer (1990) notes that the landowners clearly linked changes in landscapes with changes in lifestyles and identities; the loss of waterways and forests and their resources, along with the creation of an enormous hole in the middle of their territory, all impacted deeply on local senses of self and community.

The second way in which resources can fuel conflict in Melanesia is through altering regional notions of balance and association. In a number of parts of Papua New Guinea it is clear that the development of a large-scale resource project has significantly reconfigured regional power relationships between ethnic groupings. For example, at Porgera the previously marginalised Ipili people are now at the centre of the national polity and regional power, while the overwhelmingly numerically dominant Enga in the rest of the province have had to seek ways of attracting the attention of the mine owner and the government, which they have done through attacks on trucks supplying the mine, regional political manoeuvrings and a high level of political rhetoric against the operation. What is particularly interesting here is that even though the rest of Enga do benefit from the mine, there is a strong sense that many would rather see it shut down if their demands are not met because the Ipili would lose more and relativities will be restored. A similar process around the Ok Tedi mine dispute has been noted (Banks 2002).

The third major disruption to social relationships and identity around mining projects occurs as a result of in-migration. At Porgera, for example, the population living within the SML boundary went from around 2,000 in 1990 to close to 9,000 within a decade and up to 15,000 (or more) by 2004, with more than half not born in the district. Within the valley as a whole, the population has gone from 5,000 at the 1980 Census, to 10,000 in 1990 and 22,000 in 2000 (Banks 2003). This migration is perhaps the most devastating of all the effects of large-scale mining in Melanesia, largely because of its effects on the core pillar of Melanesian identity: social relationships. Local communities go from being relatively coherent and stable (though let us not pretend peaceful or static) entities where the relationships an individual has with others in the area are well known, to a situation where locals feel they are in a minority. The most common complaint about the Porgera mine from landowners was that it had brought about a heightened level of fear because of the ‘faces we do not know’: that is, people they do not have relationships with. The migrants were held responsible for many of the social pathologies associated with large-scale mining—drinking, gambling and prostitution—and implicated in the breakdown of traditional forms of control within the community. One result was large numbers of young men with little to do who could rapidly ramp up the stakes in small disputes leading to large numbers of participants in ‘tribal fights’, many of whom were only tangentially related to the ‘tribes’ concerned. Local identity itself becomes contested; being Porgeran is now important because of the potential and actual
benefits that flow to ‘the landowners’. Debates, disputes and conflicts over belonging and membership are frequent in large part because the traditional rules are often loose or vague and hence are being reshaped on the run by the communities as well as by governments and companies (Rumsey and Weiner 2001; Ballard and Banks 2003). Given what is at stake, it is no surprise that this process of redefining the ‘local’ can occasionally turn violent.

The final way in which identity is changed through the impact of resource development is seen in intra-group dissent sparked by distributional issues. In the Porgeran case—and Filer (1990) has argued the same for the Bougainville situation—the problem is that traditional forms of distribution at the local level were never designed to handle the huge amounts of cash that flow to the affected communities. The disputes over the distribution of these monies certainly look like greed at work, and there is no doubt that people are seeking a larger share of the money, but the disputes are interpreted locally in terms of traditional modes of distribution, and the outcomes almost invariably stress the social relationships on which this tradition is based.

Contested identities, altered identities, fractured identities: all of these processes are happening in Melanesia and elsewhere as a result of resource developments. They impact on communities, resource developers and governments. They also spark conflict at mining sites and within provinces. As Filer (1998) observes, these essentially internal struggles have the accidental or unintended effect of creating an increasingly problematic investment climate for the mining companies. These contests around identity better account for resource conflicts in Melanesia than explanations that reduce them to simple economics. In this sense it is not about either greed or grievance, or curses for that matter, but it is more centrally about the changes that occur in relationships between individuals, groups, and local environments. As noted earlier, traditional conflicts in the highlands of Papua New Guinea, while appearing to be over pigs or women, are typically deeply embedded disputes that revolve around land, relationships, networks and ultimately, identity. These are the things that matter in Melanesia, and to believe that conflicts of any kind can be primarily about anything else is an illusion.

References


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